

Message Text

CONFIDENTIAL

PAGE 01 SANTO 00809 192136Z

61

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 INT-05 /089 W

----- 030574

P 192055Z FEB 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 6116

C O N F I D E N T I A L SANTO DOMINGO 809

E.O. 11652: GDS

TAGS: EINV, EMIN, DR

SUBJ: SUDDEN GOVERNMENT INSPECTION OF ROSARIO INSTALLATION
AND OFFICES

1. AT ABOUT 3 P.M. YESTERDAY, ONE GROUP OF 4 DOMINICAN OFFICIALS APPEARED AT ORE PROCESSING INSTALLATION OF ROSARIO DOMINICANA AT PUEBLO VIEJO AND ANOTHER GROUP AT THE COMPANY'S OFFICE AT SANTO DOMINGO. FIRST GROUP WAS HEADED BY GENERAL MATOS, ARMY DEPUTY CHIEF OF STAFF. ACCOMPANYING SECOND GROUP WAS ARMY COLONEL FRANCISCO DIAZ. OTHER GROUP MEMBERS WERE CIVILIAN OFFICIALS FROM SECRETARIAT OF COMMERCE AND INDUSTRY, DIRECTORATE GENERAL OF MINES, AND SECRETARIAT OF FINANCE. HEAD OF EACH GROUP PRESENTED TO ROSARIO OFFICIALS IN ATTENDANCE A LETTER DATED 18 FEBRUARY AND SIGNED BY COMMERCE AND INDUSTRY SECRETARY D'ALESSANDRO. LETTER STATED THAT THE SECRETARIAT, AIDED BY ITS DEPENDENT BODY, THE DIRECTORATE GENERAL OF MINING, AND IN CONSULTATION WITH OTHER INSTITUTIONS OF THE STATE, HAD DECIDED TO MAKE A SERIES OF INSPECTIONS OF THE ROSARIO OFFICES AND ORE PROCESSING PLANT, IN APPLICATION OF THE AUTHORITY CONFERRED BY ARTICLE 196 OF MINING LAW 146. LETTER THEN SPECIFIED THE NAMES OF OFFICIALS DESIGNATED TO MAKE THE INSPECTIONS AND CONCLUDED THAT, IN ACCORDANCE WITH ARTICLE 77 OF THE MINING LAW, THOSE INDIVIDUALS WERE ENTITLED
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SANTO 00809 192136Z

TO HAVE FREE ACCESS TO ALL INSTALLATIONS AND NECESSARY

TECHNICAL AND STATISTICAL DATA.

2. UPON LEARNING OF THE ACTION, CHARGE LAST NIGHT CALLED ROSARIO GENERAL MANAGER, HENRY EMDIN, WHO SAID THAT HE HAD BEEN AT PUEBLO VIEJO WHEN GROUP HEADED BY GENERAL MATOS APPEARED. MATOS PRESENTED LETTER TO HIM IN FORMAL MANNER, STATING HE ACTING UNDER DIRECT ORDERS FROM PRESIDENT BALAGUER, BUT AFTER EMDIN SHOWED DISPOSITION TO COOPERATE IN PROVIDING ACCESS TO COMPANY'S RECORDS AND INSTALLATIONS, MATOS' MANNER BECAME MORE RELAXED. GROUP MADE XEROX COPIES OF VARIOUS RECORDS AND WERE SHOWN PLANT OPERATIONS AND MATERIALS. AT SANTO DOMINGO OFFICE, GROUP REMOVED SOME OF THE COMPANY'S RECORDS.

3. EMDIN TOLD CHARGE THAT WHILE COMPANY HAD NO FOREWARNING AND ACTION WAS UNUSUAL, IT CAME AS NO GREAT SURPRISE TO HIM IN VIEW OF CURRENT DIFFICULT NEGOTIATIONS ON EXTENSION OF ROSARIO EXPLOITATION RIGHTS. HE ADDED THAT HE WAS NOT UNDULY CONCERNED THAT ANY IRREGULARITIES MIGHT BE FOUND, NOTING IN THIS CONNECTION THAT CENTRAL BANK HAD RECENTLY COMPLETED AUDIT OF THE COMPANY'S ACCOUNTS AND HE BELIEVED ITS RECORDS TO BE IN GOOD SHAPE. HE TOLD ECON CSLR THIS A.M. THAT HE HAD PROVIDED INFO REQUESTED IN ALL PREVIOUS LETTERS FROM COMMERCE SECRETARIAT.

4. ARTICLE 196 OF MINING LAW (EXTRACTS OF WHICH WERE ATTACHED TO LETTER PRESENTED TO ROSARIO OFFICIALS) STATES THAT AMONG ADMINISTRATIVE-LEGAL RESPONSIBILITIES OF DIRECTORATE GENERAL OF MINES IS ENSURING COMPLIANCE OF LAWS, REGULATIONS AND CONTRACTS WHICH GOVERN MINERAL-METALLURGICAL ACTIVITIES IN THE COUNTRY AND THAT IN THIS REGARD THE DIRECTORATE GENERAL OF MINES CAN CARRY OUT, AS MANY TIMES AS IT DEEMS APPROPRIATE AND TO THE EXTENT REQUIRED, INSPECTIONS OF WORKS ON THE SURFACE OR UNDERGROUND OF ANY CONCESSION AS WELL AS FOR IDENTIFICATION AND VERIFICATION OF BOUNDARIES AND LANDMARKS OF THE AREA. ARTICLE 77 OF THE LAW STATES THAT CONCESSIONAIRES ARE OBLIGED TO PROVIDE TO DULY AUTHORIZED OFFICIALS OF THE DIRECTORATE GENERAL OF MINES FREE ACCESS TO ALL THE INSTALLATIONS OF ITS CONCESSION AND THE TECHNICAL AND STATISTICAL DATA THAT MIGHT BE REQUIRED.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SANTO 00809 192136Z

5. IT THUS APPEARS THAT THE DOMINICAN GOVERNMENT'S ACTION INSTITUTING INSPECTIONS OF ROSARIO'S PLANT AND OFFICES WAS IN CONFORMITY WITH DOMINICAN LAW, THOUGH IT WAS ABRUPT. THIS MORNING'S LISTIN DIARIO, IN ITS REPORT OF THE DEVELOPMENT, QUOTES EXTRA-OFFICIAL SOURCES AS STATING THAT THE ACTION WAS TAKEN TO INVESTIGATE CHARGES OF IRREGULAR SHIPMENTS OF ORE BULLION. THE SOURCES ADDED THAT THE INVESTIGATION

WAS BEING MADE WITHOUT PREJUDICE, IN CONFORMITY WITH MINING LAWS AND WITHOUT INTERFERING WITH THE NORMAL OPERATIONS OF ROSARIO. OTHER SOURCES ARE CITED AS SPECULATING THAT THE CHARGE OF IRREGULAR SHIPMENTS MIGHT HAVE BEEN INTENDED TO IMPEDE CONVERSATIONS BETWEEN ROSARIO AND THE GOVERNMENT TO RECONCILE EXISTING DIFFERENCES.

6. IN PHONE CONVERSATION WITH COMMERCE SECRETARY THIS MORNING, CHARGE RECALLED AMBASSADOR'S LUNCHEON WITH D'ALESSANDRO A FEW DAYS AGO DURING WHICH THEY DISCUSSED FOREIGN INVESTMENT CLIMATE IN D.R. CHARGE REMARKED HE UNDERSTOOD LUNCHEON HAD BEEN AN AGREEABLE ONE BUT, HE ADDED JESTINGLY, ON READING PRESS THIS MORNING HE WONDERED WHETHER SOMETHING D'ALESSANDRO HAD AT LUNCHEON HAD DISAGREED WITH HIM. D'ALESSANDRO LAUGHED, SAID THAT HE WAS OBLIGED TO INSTITUTE INVESTIGATION BECAUSE OF A REPORT HE HAD RECEIVED, THAT IT WOULD BE CONDUCTED IMPARTIALLY "WITHOUT ANY RANCOR," THAT IT WAS NOT INTENDED TO HARM ANYONE, AND THAT HE WAS SIMPLY "CARRYING OUT A DUTY."

7. THE EMBASSY HAS HAD NO INDICATION OF IRREGULARITIES IN ROSARIO'S ORE SHIPMENTS. THE GOVERNMENT'S SUDDEN ACTION AGAINST ROSARIO AT THIS JUNCTURE MIGHT WELL HAVE BEEN DESIGNED AS (A) A PRESSURE TACTIC AGAINST THE COMPANY IN THE CURRENT PHASE OF THE NEGOTIATIONS TO EXTEND ITS EXPLOITATION CONCESSION, (B) AN EFFORT BY D'ALESSANDRO AND OTHER OPPONENTS OF THE GOVERNOR OF THE CENTRAL BANK (WHICH HAS A 20 PERCENT PARTICIPATION IN THE PUEBLO VIEJO OPERATION) TO CAUSE FURTHER EMBARRASSMENT TO DIOGENES FERNANDEZ AND WEAKEN HIS STANDING AT A TIME WHEN THE PRESIDENT IS RECEIVING CONFLICTING ECONOMIC ASSESSMENTS FROM HIS ADVISERS FOR HIS FEB 27 (INDEPENDENCE DAY) SPEECH, AND/OR (C) A MOVE TO ENHANCE THE POLITICAL IMAGE OF D'ALESSANDRO (ONE OF THE SOCIAL

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 SANTO 00809 192136Z

CHRISTIAN PARTY FIGURES IN THE GOVERNMENT) AS A STAUNCH DEFENDER OF THE NATIONAL INTERESTS. WE WILL SEEK TO OBTAIN MORE INFORMATION WHICH MAY SHED FURTHER LIGHT ON THE MOTIVATIONS OF THE GOVERNMENT'S ACTION AND ON SUBSEQUENT DEVELOPMENTS.

AXELROD

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINING, INDUSTRIAL PLANTS, INVESTIGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: blochd0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SANTO00809
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760062-1164
From: SANTO DOMINGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760234/aaaabdqi.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: blochd0
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2004 by coburnhl>; APPROVED <01 NOV 2004 by blochd0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUDDEN GOVERNMENT INSPECTION OF ROSARIO INSTALLATION AND OFFICES
TAGS: EINV, EMIN, DR, ROSARIO DOMINICANA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006